RESIDENTIAL COMMUNITIES INITIATIVE (RCI)

RCI PROGRAM UPDATE AT THE 7TH ANNUAL PRIVATIZATION FORUM

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RCI PROGRAM BACKGROUND -- 1992-1998

- 1992-1993 -- "Get out of housing business" -- not a core competency
- 1993-1996 -- Considered several off-budget initiatives ranging from NAF Corp for U.S. to Overseas Housing Authority for foreign areas
- 1996 -- Obtained legislation (MHPI authorities)
- 1996 -- Established Capital Venture Initiatives (CVI) Program; Army leadership direction was:
  - Eliminate inadequate on-post family housing
  - Eliminate the deficit if funds are available
  - Make it a field-driven program
- 1998 -- RCI program initiated
  - RFQ vice RFP
  - Report directly to Army Headquarters / Secretariat

RESIDENTIAL COMMUNITIES INITIATIVE (RCI)

SOLUTION TO FIX FAMILY HOUSING IN THE U.S.

VISION -- Quality residential communities for Army families on post

GOAL -- Eliminate inadequate Family Housing in the U.S. in conjunction with Military Construction and Basic Allowance for Housing increases

Old Hillside Proposed Transformation

RESIDENTIAL COMMUNITIES INITIATIVE (RCI)

SOLUTION TO FIX FAMILY HOUSING IN THE U.S.

PROGRAM OBJECTIVES

- **Eliminate revitalization / deficit backlogs**
- **Sustain adequate housing**
- **Leverage assets / scarce funds**
- **Attract quality partners (expertise, creativity, capital)**
- **Ensure reasonable profits / establish incentive based fees**
- **Develop partnerships with local (large / small) businesses**
- **Protect Army / soldier interests with a Portfolio / Asset Mgt program**

RCI PROGRAM SUCCESSES -- 1999-2003

- **Privatized 35,000 units; 39,000 more in queue; others under review**
- **Streamlined Army's privatization structures / processes**
  - **Acquisition / RFQ / Source Selection Advisory Committee**
  - **Community Development and Management Plan flexibility**
  - **Centralization at Army Secretariat -- kept leadership focus on program**
- **Established, staffed and trained the HQ RCI Program Office**
- **Developed and implemented:**
  - **Portfolio / Asset Management Program**
  - **Small / disadvantaged business program**
  - **Minimum construction standards**
  - **Programmatic Agreement for Capehart and Wherry housing**
  - **Standard documents for all RCI phases**
  - **Annual Lessons Learned Seminars**

1ST 9 PROJECTS TRANSFERRED TO PARTNER

Project / End State Inventory Govt Invest / Initial Scope / Period	Status	
Ft Carson $10.1M / $229M	/ 2,663 / 5 years	TRANSFERRED TO PARTNER NOV 1999 - Out of 840 deficit, 840 built - >1,200 renovations completed
Ft Hood $52.0M / $266M	/ 5,912 / 5 Years	TRANSFERRED TO PARTNER OCT 2001 - Out of 290 deficit, 192 built - 274 replacements ongoing - 224 renovations completed
Ft Lewis $0	/ 4,001 / $321M / 10 years	TRANSFERRED TO PARTNER APR 2002 - Out of 345 deficit, >190 built - >260 redevelopments ongoing
Ft Meade $0	/ 3,170 / $461M / 10 years	TRANSFERRED TO PARTNER MAY 2002 - Out of 308 deficit, 126 ongoing - 925 upgrades completed

1ST 9 PROJECTS TRANSFERRED (CONTINUED)

Project / End State Inventory Govt Invest / Initial Scope / Period	Status	
Ft Bragg / 5,578 AUG 2003 $49.4M / $434M/ 10 years	TRANSFERRED TO PARTNER	
Pres of Mont-NPS / 2,209 OCT 2003 $0 / $588M/ 8 years	TRANSFERRED TO PARTNER	
Ft Stewart-HAAF / 3,702 NOV 2003 $37.4M / $357M/ 8 years	TRANSFERRED TO PARTNER	
Ft Campbell / 4,255 $52.2M / $243M/ 9 years	TRANSFERRED TO PARTNER	DEC 2003
Ft Belvoir / 3,179 $0 / $688M/ 8 years	TRANSFERRED TO PARTNER	DEC 2003

FORT CARSON DEVELOPMENT

lorado.

FORT HOOD DEVELOPMENT

FORT LEWIS DEVELOPMENT

FORT MEADE DEVELOPMENT

JR ENLISTED AND FIELD GRADE OFFICER HOUSING

FORT MEADE NEIGHBORHOOD CENTER

8 MORE PROJECTS AWARDED (CDMP PHASE)

Project / End State Inventory		Status
Ft Irwin-Moffett-Parks 2002	/ 3,052+200 UPH	PARTNER SELECTED SEP
Ft Eustis-Story	/ 1,124	PARTNER SELECTED JAN 2003
Ft Hamilton	/ 228	PARTNER SELECTED APR 2003
Ft Polk	/ 3,821	PARTNER SELECTED APR 2003
Walter Reed-Ft Detrick	/ 963	PARTNER SELECTED JUL 2003
Ft Shafter-Schofield Brks 2003	/ 7,768	PARTNER SELECTED AUG
Ft Leonard Wood 2003	/ 2,472	PARTNER SELECTED NOV

1st 17 Projects: $380M Govt Investment → $7B in Private Initial Dev

CURRENT PLAN -- 26 PROJECTS -- A RECAP

73,731 Family Housing Units End State -- >80% of U.S. Inventory

9 Projects Transferred (34,669 Houses)

- Fort Carson, CO - 1999
- Fort Hood, TX - 2001
- Fort Lewis, WA - 2002
- Fort Meade, MD - 2002
- Fort Bragg, NC - 2003
- Pres of Monterey-Naval PS, CA - Oct 2003
- Fort Stewart-Hunter AAF, GA - Nov 2003
- Fort Campbell, KY
- Fort Belvoir, VA -

8 Projects Awarded -- Transfer Date (22,944 Houses)

- Fort Irwin-Moffett Fed AF-Cp Parks, CA - Feb 2004
- Forts Eustis-Story, VA - Apr 2004
- Fort Hamilton, NY - May 2004
- Fort Polk, LA - Jun 2004
- Walter Reed AMC, DC / Fort Detrick, MD - Aug 2004
- Fort Shafter / Schofield Barracks, HI - Oct 2004
- Fort Leonard Wood, MO - Jan 2005
- Fort Drum, NY - Mar 2005

2003 Solicitations (4,509 Houses)

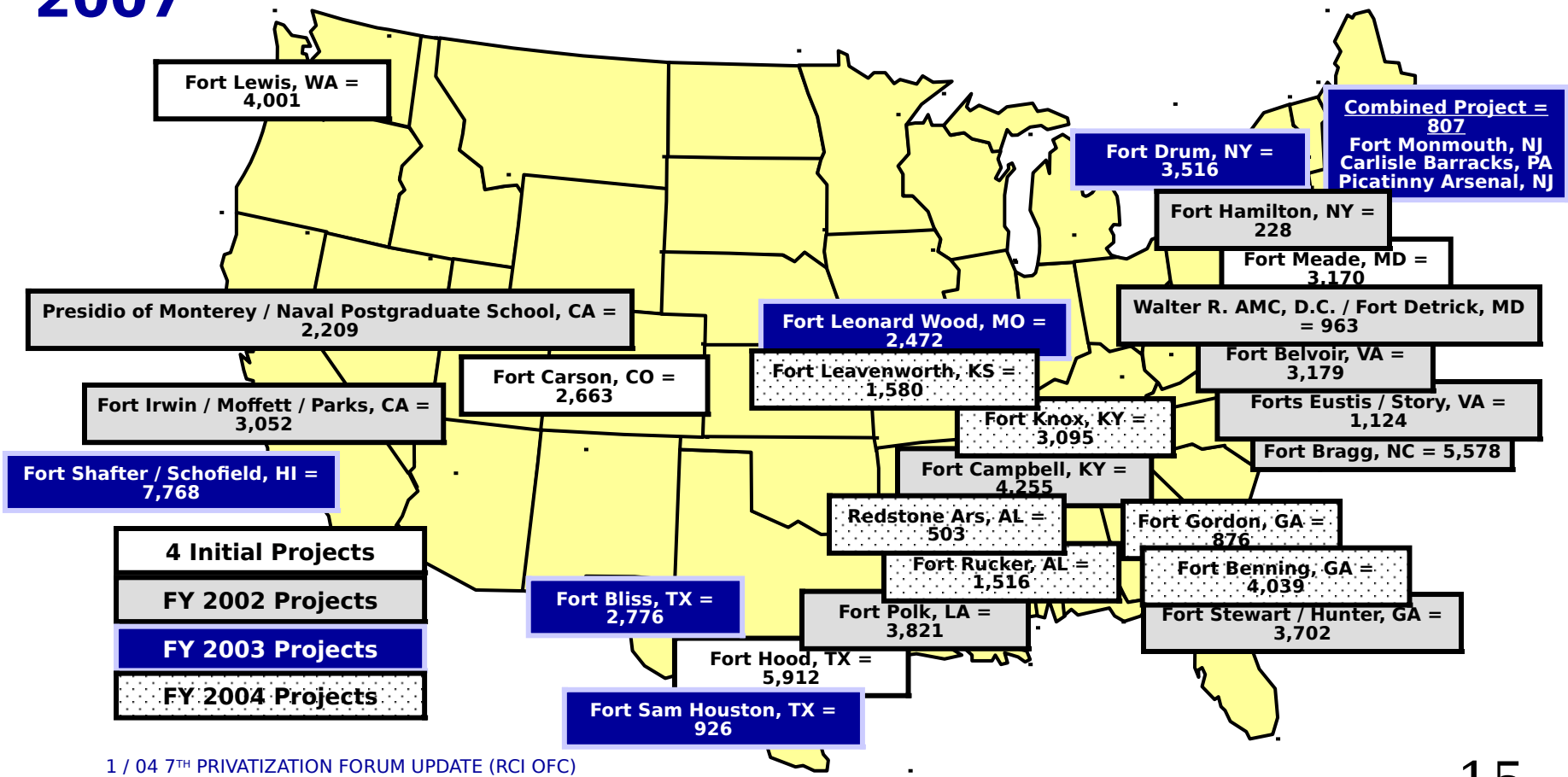
- Fort Sam Houston, TX
- Fort Monmouth / Picatinny Arsenal, NJ-Carlisle Barracks, PA
- Fort Bliss, TX

9 Projects Planned (14,553 Houses)

- Fort Benning, GA
- Fort Knox, KY
- Fort Rucker, AL
- Fort Leavenworth, KS
- Fort Gordon, GA
- Redstone Arsenal, AL

CURRENT RCI PLAN

26 PROJECTS (73,731 HOMES) -- TRANSITIONED BY 2007


Fort Lewis, WA = 4,001
Presidio of Monterey / Naval Postgraduate School, CA = 2,209
Fort Irwin / Moffett / Parks, CA = 3,052
Fort Shafter / Schofield, HI = 7,768
Fort Carson, CO = 2,663
Fort Leonard Wood, MO = 2,472
Fort Leavenworth, KS = 1,580
Fort Knox, KY = 3,095
Fort Campbell, KY = 4,255
Redstone Ars, AL = 503
Fort Rucker, AL = 1,516
Fort Bliss, TX = 2,776
Fort Polk, LA = 3,821
Fort Hood, TX = 5,912
Fort Sam Houston, TX = 926
Fort Drum, NY = 3,516
Combined Project = 807
Fort Monmouth, NJ
Carlisle Barracks, PA
Picatinny Arsenal, NJ
Fort Hamilton, NY = 228
Fort Meade, MD = 3,170
Walter R. AMC, D.C. / Fort Detrick, MD = 963
Fort Belvoir, VA = 3,179
Forts Eustis / Story, VA = 1,124
Fort Bragg, NC = 5,578
Fort Gordon, GA = 876
Fort Benning, GA = 4,039
Fort Stewart / Hunter, GA = 3,702
4 Initial Projects
FY 2002 Projects
FY 2003 Projects
FY 2004 Projects

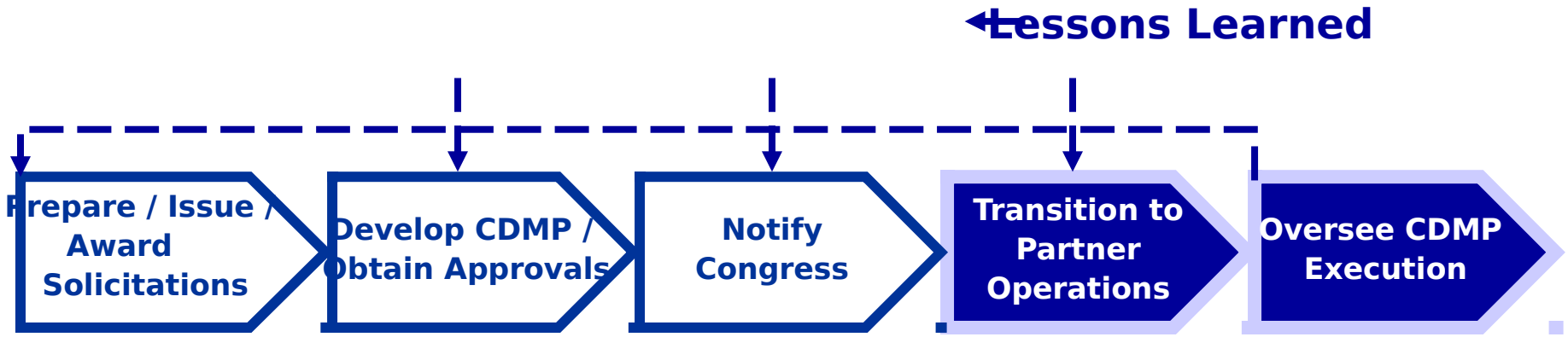
LESSONS LEARNED

- **Footprint Decisions – thought we knew where we stood**
- **Environmental Issues – didn't spot them all**
- **Requirements Determination – couldn't figure out whether we were above or below the line**
- **Historic Properties – thought this was old hat or ancient history**
- **Utilities Privatization Impacts – thought we were connected**
- **Energy Savings Performance Contract Impacts – thought they were performing**
- **Impact on Schools – we haven't graduated yet**
- **Residual Staffing – thought we had the formula**

THE FUTURE -- MAJOR CHALLENGES AHEAD

- **Charging for Utilities – we haven't measured up**
- **Taxation – without representation**
- **Statutory limitation on budget authority DoD-wide – yes, yes, yes, yes, yes, ... NO!**
- **CBO / OMB issues and concerns – who's your buddy?**
- **Ability to transfer revenues from one project to another – in Nottingham Forrest**

THE FUTURE
SHIFT MAJOR FOCUS TO PORTFOLIO / ASSET MGT (PAM)



PAM starts from the beginning of the process and continues for 50+ years
and influences other phases of the process (e.g., lessons learned)

THE FUTURE
PAM GOAL / OBJECTIVES / APPROACH

GOAL -- Proactively and systematically mitigate risks and protect Army assets to sustain success of Housing Privatization

OBJECTIVES:

- Soldier and family member satisfaction with housing
- Enhancement of housing communities throughout program life
- Minimize and mitigate risk
- Successful completion of initial development scope

APPROACH:

- Establish Portfolio Manager as a resource to support Installations
- Collaboration on Major Decisions between Asset Level and Portfolio Level
- Continuous and open communication at all levels
- Sharing Lessons Learned to enhance Best Practice approach

THE FUTURE

FAMILY HOUSING RCI PROJECTS

- Additional projects under consideration

UNACCOMPANIED PERSONNEL HOUSING (UPH) RCI

- 200 Officer / Sr Enlisted UPH Qtrs included in Fort Irwin RCI project
- Presidio of Monterey and Fort Lewis barracks Due Diligence for >10,000 UPH accommodations completed
- Army considering Barracks Privatization program; issues follow:
  - Policy clarifications (e.g., assignment policies and subsequent scoring)
  - Cost to BAH account not programmed

LODGING

- Privatization of Army Lodging (PAL) Program Office established at HQ
- Looking at privatizing all lodging in the U.S.

ASSESSMENT OF RCI TO DATE

- **Fixes family housing in U.S.**
- **Obtains private expertise / capital to solve housing problems**
- **Shifts focus from "Houses" to "Quality Residential Communities"**
- **Streamlines procurement process**
- **Shows positive results at 1st 17 projects; 9 more in queue**
- **Assures long-term sustainment of adequate housing**
- **Allows for more local (large and small) business participation**
- **Protects our interests with a Portfolio / Asset Mgt Program**
- **Increases well-being of ~74,000 Soldiers / families at end state**

OUR MILITARY

PROTECTING THE AMERICAN DREAM

RCI ALLOWS THE MILITARY FAMILY TO LIVE THAT DREAM

Visit Our Web Site at http://rci.army.mil